

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER OF MONTANA-DAKOTA)	REGULATORY DIVISION
UTILITIES CO., Application for Authority to)	
Increase Rates for Natural Gas Service in the)	DOCKET NO. D2012.9.100
State of Montana)	

DATA REQUESTS OF THE MONTANA CONSUMER COUNSEL

MCC-001 RE: Adjustment No. 1 - Sales & Transportation Revenues
 Witness - Mulkern

The testimony (page 4, line 23 through page 5, line 1) indicates this adjustment is exclusive of the unreflected gas cost adjustment and eliminates unbilled revenues.

- a. Is the sole purpose of this adjustment to restate revenue per books to the level of revenues that reflects the latest purchased gas adjustment? If not, explain any other purposes for this adjustment.
- b. Have there been any other changes in rates between the beginning of the test year and today? If so, explain any such changes.
- c. Is it correct that the \$(13,880,459) is to reflect the lower cost of gas as proposed in Statement G, Adjustment No. 5? If not explain why not.

MCC-002 RE: Adjustment No. 1 - Sales & Transportation Revenues
 Witness - Mulkern

- a. Explain why the unbilled revenues are eliminated in this adjustment and provide the impact on sales and transportation revenues, by class, of this elimination.
- b. Explain why the exclusion of these unbilled revenues does not result in less than a full year of revenue for this test year.
- c. Provide a schedule that shows the level of unbilled revenue, by class, at the end of 2009, 2010 and 2011.

MCC-003 RE: Adjustment No. 1 - Sales & Transportation Revenues
Witness - Mulkern

- a. Provide a detailed explanation as to why this adjustment is exclusive of the unreflected gas cost adjustment.
- b. Explain and document what the impact on this adjustment is as a result of it being exclusive of the unreflected gas cost adjustment.

MCC-004 RE: Adjustment No. 1 - Sales & Transportation Revenues
Witness - Mulkern

- a. Provide all work papers, analyses, memos and other documentation that support the column labeled "Per Books @ Current Rates" as shown on Rule 38.5.164, Statement H, page 3 of 7.
- b. Please explain the nature of the revenue adjustments shown in Rule 38.5.164, page 3 of 7, for each of the transportation classifications.

MCC-005 RE: Adjustment No. 2 - Weather Normalization Revenues
Witness - Mulkern

This adjustment reflects the effect of normal weather on residential, firm general service, and small interruptible sales classes as well as the small and large interruptible transportation customers.

- a. Explain and fully document the adjustments to revenues for the large interruptible sales and large interruptible transportation customers.
- b. Provide all work papers, analyses, memos and other documentation that support the dekatherms and revenues under the "Normalized Dk @ Current Rates" columns on Rule 38.5.164, Statement H, page 4 of 7.
- c. Given the reduction in revenues proposed by this adjustment, is there also a reduction in the cost of gas included in Adjustment No. 5 - Cost of Gas? If so, in what amount? If not, why not?

MCC-006 RE: Adjustment No. 3 - Annualization Revenues
Witness – Mulkern

The testimony (page 5, lines 5 - 6) indicates this adjustment reflects the annualization of firm customers to the December 2011 level.

- a. Does this mean that the adjustment uses the number of customers at the end of the test year and attempts to measure what the consumption would have been if that year-end level of customers had been in place throughout the year? If not, provide additional explanation as to the purpose of this adjustment.
- b. Given the referenced testimony why are small interruptible sales and small and large interruptible transportation customers also adjusted?

MCC-007 RE: Adjustment No. 3 - Annualization Revenues
Witness - Mulkern

- a. Provide a schedule that shows the actual number of customers and consumption, by month, for each month from January 2011 through the most recent month available for each of the four classes of sales customers shown on Rule 38.5.164, Statement H, page 5 of 7.
- b. Provide a schedule that shows the actual number of customers and consumption, by month, for each month from January 2011 through the most recent month available for each of the classes of transportation customers shown on Rule 38.5.164, Statement H, page 5 of 7.
- c. Provide all work papers, analyses, memos and other documentation that support the dekatherms and revenues columns under "Annualized Dk" as shown on Rule 38.5.164, Statement H, page 5 of 7.

MCC-008 RE: Adjustment No. 4 - Other Operating Revenues
Witness - Mulkern

Provide all work papers, analyses, memos and other supporting documentation that support the portion of this adjustment related to the gain/(loss) on the Disposal of Property.

MCC-009 RE: Adjustment No. 4 - Other Operating Revenues
Witness - Mulkern

A portion of this adjustment is to include late payment revenues of \$48,851.

- a. Is the \$48,851 the actual late payment revenues received during the test year?
- b. If it is something other the actual received during the test year, explain the basis of the \$48,851.
- c. Provide a schedule that shows the actual late payment revenues received during

each calendar year from 2009 through 2011 and for 2012 on an actual basis as available to date.

MCC-010 RE: Adjustment No. 4 - Other Operating Revenues
Witness - Mulkern

- a. Provide all work papers, analyses, memos and other documentation that support the portion of this adjustment related to penalty revenue.
- b. What three year period is used for the average?
- c. Provide actual penalty revenue for 2009, 2010, 2011 and for 2012 actual as available.
- d. Explain the distinction between late payment revenue and penalty revenue.

MCC-011 RE: Adjustment No. 5 - Cost of Gas
Witness - Mulkern

- a. Provide a copy of the August 2012 PGA referenced in footnote 3 on Rule 38.5.157, Statement G, page 3 of 15.
- b. Provide all supporting documentation for the distribution loss factor of 0.72% in footnote 2 on Rule 38.5.157, Statement G, page 3 of 15.

MCC-012 RE: Adjustment No. 6 - Labor Expense
WITNESS - Mulkern

Provide a work paper that shows the breakdown of the labor expense adjustment into its component parts, i.e., the 3% increase for union employees, the 2.5% increase for non-union employees, the adjustment for incentive compensation to reflect a three year average, and amortization of severance amounts paid in 2009.

MCC-013 RE: Adjustment No. 6 - Labor Expense
Witness - Mulkern

Explain in detail why severance payments made in 2009 are included in a 2011 test year on a pro forma basis.

MCC-014 RE: Adjustment No. 6 - Labor Expense
Witness - Mulkern

The footnote at Rule 38.5.157, Statement G, page 4 of 15 does not mention the “incentive compensation adjusted to reflect a three average” (Mulkern Direct Testimony, page 6, lines 9-10). Should the footnote include this reference or is the Direct Testimony misstated?

MCC-015 RE: Adjustment No. 6 - Labor Expense
Witness - Mulkern

Referring to Statement Workpapers, page G-41, footnote 2, please explain why you added the “amortization of severance - 3 years” of \$506,340 to amounts that already include severance.

MCC-016 RE: Adjustment No. 6 - Labor Expense
Witness - Mulkern

Provide actual, if available, and budgeted bonuses (excluding severance) for 2012.

MCC-017 RE: Adjustment No. 6 - Labor Expense
Witness - Mulkern

Provide a schedule that shows actual 2010 labor expense for the gas utility and for Montana gas operations in the same format and detail as shown on Rule 38.5.157, Statement G, page 4 of 15.

MCC-018 RE: Adjustment No. 6 - Labor Expense
Witness - Mulkern

- a. Provide all work papers, analyses, memos and other documentation that support the “Gas Utility” labor amounts for each category shown on Rule 38.5.157, Statement G, page 4 of 15. Explain the nature of the allocation of each of these amounts to “Montana” as shown on the same page.
- b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of each of these categories of labor expense to Montana as shown on the same page.

MCC-019 RE: Adjustment No. 6 - Labor Expense
Witness - Mulkern

- a. Please explain why the labor adjustment of 4.74% that is shown in the Statement Work Papers, page G-41 includes the electric utility.

- b. Referring to footnote 1 on the same page, please fill in the “x” with a page number(s).

MCC-020 RE: Adjustment No. 7 - Benefits Expense Medical/Dental portion
Witness - Mulkern

- a. Provide all work papers, analyses, memos and other documentation that support the gas utility amount of \$2,117,808.
- b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of \$623,431 of the gas utility amount to Montana.
- c. Is the Pro Forma amount of \$628,980 based upon the 2012 budget? If not, please explain the basis of the Pro Forma amount.

MCC-021 RE: Adjustment No. 7 - Benefits Expense Medical/Dental portion
Witness - Mulkern

- a. Please explain why the adjustment is an increase of 0.89% in lieu of the 2.43% shown in the Statement Work Papers Page G-44.
- b. Please explain the difference between the per books 2011 gas utility expense as shown on the same Work Paper and the amount shown at Rule 38.5.157, Statement G, page 5 of 15.

MCC-022 RE: Adjustment No. 7 - Benefits Expense Pension expense portion
Witness - Mulkern

- a. Provide all work papers, analyses, memos and other documentation that support the gas utility amount of \$514,314.
- b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of \$155,387 of the gas utility amount to Montana.
- c. Provide a complete and unexpurgated copy of any study that supports the pro forma pension expense of \$(64,455).
- d. Please explain the difference between the per books 2011 gas utility expense shown on Work Paper G-44 and the amount shown at Rule 38.5.157, Statement G, page 5 of 15.

- MCC-023 RE: Adjustment No. 7 - Benefits Expense Post-retirement portion
Witness – Mulkern
- a. Provide all work papers, analyses, memos and other documentation that support the gas utility amount of \$453,151.
 - b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of \$152,499 of the gas utility amount to Montana.
 - c. Provide all work papers, analyses, memos and other documentation that support the pro forma expense.
 - d. Please explain the difference between the per books 2011 gas utility expense shown on Work Paper G-44 and the amount shown on Rule 38.5.157, Statement G, page 5 of 15.
- MCC-024 RE: Adjustment No. 7 - Benefits Expense Post-retirement portion
Witness - Mulkern
- a. Provide a detailed breakdown of this adjustment into its component parts as discussed in the testimony at page 6, line 22 - page 7, line 3.
 - b. Provide all documentation that supports the 2012 Plan costs of \$3,460,716 shown in the Statement Work Papers, page G-46.
- MCC-025 RE: Adjustment No. 7 - Benefits Expense 401-K portion
Witness - Mulkern
- a. Provide all work papers, analyses, memos and other documentation that support the gas utility amount of \$2,145,671.
 - b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of \$605,091 of the gas utility amount to Montana.
 - c. Provide all work papers, analyses, memos and other documentation that support the pro forma expense of \$689,804.
 - d. Please explain the difference between the per books 2011 gas utility expense shown on Work Paper G-44 and the amount shown on Rule 38.5.157, Statement G, page 5 of 15.

MCC-026 Re: Adjustment No. 7 - Benefits Expense Workers comp portion
 Witness - Mulkern

- a. Provide all work papers, analyses, memos and other documentation that support the gas utility amount of \$114,735.
- b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of \$50,015 of the gas utility amount to Montana.
- c. Provide all work papers, analyses, memos and other documentation that support the pro forma expense of \$52,383.
- d. Please explain the difference between the per books 2011 gas utility expense shown on Work Paper G-44 and the amount shown on Rule 38.5.157, Statement G, page 5 of 15.

MCC-027 Adjustment No. 7 - Benefits Expense all portions
 Witness - Mulkern

For each of these items (medical/dental, pension expense, post-retirement, 401-K, and workers compensation), provide the following:

- a. a copy of the invoices(s) received by the gas utility or any affiliated entity for each month (or whatever basis the invoices are received) from January 2011 through the most recent month available on an actual basis;
- b. a detailed explanation of how the total of each invoice is divided among the entities to which the invoice applies (especially how and what portion of the total cost is allocated/assigned to the Montana gas utility operation), and
- c. all work papers analyses, memos and other documentation that support the allocation/assignment of the total costs from each invoice to the Montana gas operations.

MCC-028 RE: Adjustment No. 7 - Benefits Expense Supplemental Insurance portion
 Witness - Mulkern

- a. Is the adjustment to \$0 the elimination of any SISP expenses from the revenue requirement in this case? If not, please explain the nature and purpose of this adjustment.
- b. Is there any SISP included anywhere else in the revenue requirement in this case? If so, where?

MCC-029 RE: Adjustment No. 7 - Fringe Benefits
Witness - Mulkern

Given that these items are all labor related expenses, please explain and fully document how and why the Montana gas operation as a percentage of total gas utility varies from a low of 28.20% (for the 401-K) to a high of 43.592% (for the worker's compensation).

MCC-030 RE: Adjustment No. 8 - Vehicles & Work Equipment

- a. Please provide a breakdown of this adjustment between the portion related to the use of pro forma plant and the portion related to the proposed depreciation rates.
- b. Provide all work papers, analyses, memos and other documentation the support the level of pro forma plant used in this adjustment.

MCC-031 RE: Adjustment No. 9 - Company consumption

Provide all work papers, analyses, memos and other documentation that support the "annualized" amount \$56,986,140 as show on Statement Work Papers, page G-53.

MCC-032 RE: Adjustment No. 10 - Uncollectible Accounts

- a. Is it correct the average percentage of uncollectible accounts is based on only the Montana gas operations in this case?
- b. Is it correct that this methodology represents a change from MDU's use of total gas operations in its last base rate case in Montana? If it is a change please explain why the change is proposed in this case.
- c. Provide the "net write-offs" and the "Sales and transportation revenues" for the Montana gas operations for each month of 2012 as available.

MCC-033 RE: Adjustment No. 11 - Advertising expense

- a. Is it MDU's position that Adjustment No. 11 complies fully with all prior MPSC decisions concerning the inclusion of advertising expenses in a utility's revenue requirement? If not, explain any and all differences between the Company's proposal in this case and prior MPSC decisions.
- b. Provide at least ten examples of informational advertising that has been included in

the revenue requirement in this case.

MCC-034 RE: Adjustment No. 12 - Insurance expense
Witness - Mulkern

Provide a complete list of insurance policies - show insurer, the type of coverage and the expense included in the revenue requirement in this case.

MCC-035 RE: Adjustment No. 12 - Insurance expense
Witness - Mulkern

- a. Provide all work papers, analyses, memos and other documentation that support the gas utility insurance expense of \$1,013,243.
- b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of \$258,134 of the gas utility amount to Montana.

MCC-036 RE: Adjustment No. 12 - Insurance expense
Witness - Mulkern

The testimony that acknowledges this adjustment indicates that the adjustment “reflects the expense at current levels for 2012.”

- a. What is the basis of the 2012 level that is reflected in this adjustment?
- b. Provide copies of insurance invoices for 2011 and for 2012 as available for each policy that is listed in the response to MCC - 034.
- c. Provide a schedule that shows the total of the premiums paid for each insurance policy in 2011 and 2012 as available to date along with the allocation/assignment to the gas utility and the allocation/assignment to Montana gas operations.

MCC-037 RE: Adjustment No. 13 - Industry dues
Witness - Mulkern

- a. Is it MDU’s position that Adjustment 13 complies fully with all prior MPSC decisions concerning the inclusion of association dues in a utility’s revenue requirement? If not, explain any and all differences between the Company’s proposal in this case and prior MPSC decisions.

- b. Indicate which association dues have been allocated to Montana gas operations and explain and document that allocation.
- c. Explain and document the portion of the American Gas Association dues that have been excluded per footnote 1, Rule 38.5.157, Statement G, page 11 of 15.
- d. Explain and document the portion of the Midwest Energy Association dues that have been excluded per that same footnote.

MCC-038 RE: Adjustment 14 - Regulatory Commission Expense
Witness - Mulkern

Provide all work papers, analyses, memos and other documentation that support the \$110, 042 shown on Rule 38.5.157, Statement G, page 12 of 15.

MCC-039 RE: Adjustment No. 14 - Regulatory Commission Expense
Witness - Mulkern

Provide the dates that the last three base rate cases were filed by MDU in Montana related to the gas operation.

MCC-040 RE: Rule 38.5.157, Statement G, page 13 of 15, Other O&M
Witness - Mulkern

- a. Is it correct to state that the \$2,320,917 labeled as “Other O&M” on the referenced page is a residual - i.e. is the result of subtracting all the per books O&M expenses that have been specifically adjusted from the total per books O&M expenses? If not, explain why not.
- b. Is it correct that there has been no specific or general inflation type adjustment applied to these “Other O&M” expenses? If not, what adjustment has been applied to these expenses?

MCC-041 RE: Depreciation rates
Witness - Mulkern

The depreciation and amortization rates, by account, are shown on Rule 38.5.165, Statement I, pages 3 and 4 of 12.

Have all (or any) of these depreciation and amortization rates been approved for use by the Montana Public Service Commission? Explain.

MCC-042 RE: Depreciation expense
Witness - Mulkern

Rule 38.5.165, Statement I, page 1 of 12 shows a pro forma adjustment to depreciation expense of \$1,412,304. Rule 38.5.165, Statement I, page 5 of 12 shows \$550,295 of depreciation expense associated with plant additions. Is it correct to state that the difference between these amounts, i.e., \$862,009, is related to the application of new proposed depreciation rates to existing 2011 plant? If not, please explain why not.

MCC-043 RE: Adjustment No. 16 - Ad Valorem Taxes
Witness – Mulkern

- a. Provide a copy of the tax bills that support the “Per Books Ad Valorem Tax”, by function, as shown on Rule 38.5.174, Statement K, page 1 of 4.
- b. To the extent these tax bills require allocation/assignment to the Montana gas utility, provide all work papers, analyses, memos and other documentation that support such allocation/assignment.

MCC-044 RE: Adjustment No. 17 - Payroll taxes
Witness - Mulkern

Is it correct the methodology used by the Company in this case to measure pro forma payroll taxes differs from the method used in its last gas base rate case (Docket No. D2005.9.148)? If so, explain the basis of using a different method in this case.

MCC-045 RE: Adjustment No. 17 - Payroll taxes
Witness - Mulkern

- a. For each individual payroll tax (FICA - both components, Federal unemployment and state unemployment) provide the 2011 tax rate and the base to which the tax applied.
- b. Provide the same tax rates and bases for 2012.

MCC-046 RE: Adjustment No. 17 - Payroll taxes
Witness - Mulkern

Provide a work paper that shows how the “per Books” Gas Utility and Montana payroll taxes were calculated. This should show tax rate applied to the base, the allocation/assignment to gas utility and the allocation/assignment to Montana.

MCC-047 RE: Adjustment No. 17 - Payroll taxes
Witness - Mulkern

The 7.53% factor derived in Statement Work Papers, page K-1 is applied to pro forma payroll to calculate pro forma payroll taxes. Explain how this is a reasonable approach given the tax rates and tax bases provided in response to MCC-045.

MCC-048 RE: Adjustment No. 18 - MPSC and MCC taxes
Witness - Mulkern

- a. Are the rates for the MCC and the MPSC shown on Rule 38.5.174, Statement K, page 4 of 4 the latest known such tax rates of which MDU is aware? If not, provide the most recent known rate(s).
- b. Do the rates change on October 1 of each year? If yes, provide the rates effective as of October 1, 2012.

MCC-049 RE: Statement J, page 9 of 20, Adjustment No. 20
Witness - Mulkern

Provide all work papers, analyses, memos and other documentation that support this adjustment to deferred taxes.

MCC-050 RE: Commission orders
Witness - Goodin

For each jurisdiction where the Company provides electric or gas retail utility service, provide a copy of the most recent general rate case decision for the electric and gas operations in each of the states.

MCC-051 RE: Form 2
Witness - Goodin

Provide a copy of the 2010 and 2011 Form 2.

MCC-052 RE: Reports to Stockholders
Witness - Goodin

Provide a copy of the Annual Report to Stockholders for each year from 2006 through 2011.

MCC-053 Reports to Stockholders
Witness - Goodin

Provide a copy of each Quarterly Report to Stockholders for each quarter of 2010, 2011 and 2012 as available.

MCC-054 RE: Adjustment A - Plant additions
Witness - Mulkern

- a. For each of the items listed on Rule 38.5.124, Statement C, pages 6 and 7 of 7 that are not 100% assigned to Montana, provide a detailed explanation of the method used to allocate/assign the "Total Company" amount to "Montana".
- b. Provide all work papers, analyses, memos and other documentation that support each of these allocations/assignments.

MCC-055 RE: Adjustment A - Plant additions
Witness - Mulkern

- a. For each of the items listed on Rule 38.5.124, Statement C, pages 6 and 7 of 7, indicate, by project # and account #, which ones have been completed, the date completed, and the cost as booked on the same basis as shown in the "Montana" column.
- b. For each of the items listed on Rule 38.5.124, Statement C, pages 6 and 7 of 7, indicate, by project # and account #, which ones have not been completed, the currently expected completion date and the currently expected cost of the project on the basis as shown in the "Montana" column.

MCC-056 RE: Adjustment A - Plant additions
Witness - Mulkern

Rule 38.5.124, Statement C, page 6 of 7 shows a 2012 budget amount for service lines (Account 380) in the amount \$1,149,831 (the sum of \$969,829 and \$180,002).

- a. How many new service lines are in the budget?
- b. How many replacement service lines are in the budget?
- c. What is the basis of the Company's estimate for new and replacement service lines?

MCC-057 RE: Adjustment B - Depreciation reserve
Witness- Mulkern

The testimony that acknowledges this adjustment (Page 11, line 22 - page 12, line 2) states that the adjustment "increases the average reserve for depreciation on the per books plant by \$3,202,646..."

- a. In the context of this testimony, what does the term "per books plant" mean?
- b. Is it correct to state that there are actually multiple components of Adjustment B, i.e., (1) it increases the reserve to include a 2012 change in the reserve related to 2011 plant in service; (2) it increases the reserve related to estimated 2012 plant additions; and (3) it increases the reserve to reflect the increased depreciation expense associated with the newly proposed (increased) depreciation rates. If these components are not stated correctly, please provide a detailed explanation as to why not.

MCC-058 RE: Statement E, Adjustment C - Materials and supplies
Witness – Mulkern

- a. Provide an explanation of how the gas utility-Montana portion of materials and supplies is determined. (See Rule 38.5.143, Statement E, page 1 of 9.)
- b. To the extent that any portion of the gas utility-Montana materials and supplies are allocated/assigned on a basis other than physical location, provide all supporting documentation for the allocation/assignment(s).
- c. Provide actual balances for July 2012 through the most recent month available comparable to those shown in Rule 38.5.143, Statement E, page 1 of 9.

MCC-059 RE: Statement E, Adjustment D - Gas in underground storage
Witness - Mulkern

Provide a schedule that shows the “planned injections and withdrawals” for each month from July 2012 through December 2012. This schedule should show the volumes and the prices.

MCC-060 RE: Statement E, Adjustment D - Gas in underground storage
Witness - Mulkern

- a. Provide a schedule that shows actual injections and withdrawals for each month from January 2010 through December 2011.
- b. Provide a detailed explanation as to how the gas in underground storage could have a negative balance for the months of February, March, April and May of 2011.
- c. In general, what method of valuation does the gas utility use to cost its gas in underground storage?

MCC-061 RE: Statement E, Adjustment D - Gas in underground storage
Witness - Mulkern

Assuming the volumes and prices requested in MCC-059 and MCC-060 are provided on a total Company basis, provide a detailed explanation and all documentation that support the allocation/assignment of gas stored underground to Montana.

MCC-062 RE: Statement E, Adjustment E - Prepaid insurance
Witness - Mulkern

- a. Provide a schedule that shows actual prepaid insurance balances for each month from July 2012 through the most recent available.
- b. Provide all work papers, analyses, memos and other documentation that support the allocation/assignment of these amounts to the gas utility - Montana.

MCC-063 RE: Statement E, Adjustment F - Prepaid Demand and Commodity Charges
Witness - Mulkern

- a. Provide a schedule that shows actual prepaid demand and commodity charges for each month from July 2012 through the most recent month available.
- b. Assuming these payments are on a total gas utility basis, provide a detailed explanation and all documentation that support the allocation/assignment to Montana.

MCC-064 RE: Statement E, Adjustment H – Provision for Pensions and Benefits
Witness - Mulkern

- a. Provide a schedule that shows the balance of the provision for pensions and benefits for each month from December 2011 through the most recent month available.
- b. Provide a schedule that shows the budgeted/projected balances for each month from January 2012 through December 2012.

MCC-065 RE: Statement E, Adjustment H - Pensions and benefits
Witness - Mulkern

Provide an explanation as to why this adjustment does not reflect the balance as of December 31, 2012 – and therefore an average of 2012 – as was done for other rate base components.

MCC-066 RE: Statement E, Adjustment H - Pensions and benefits
Witness - Mulkern

- a. Since the provision for pensions and related deferred income taxes would appear to be labor related, provide an explanation as why the Company used a net plant allocator for these items.
- b. In the Company's last gas base rate case in Montana, the Company used a gross plant allocator for this item. Why did the Company change from a gross plant allocator to a net plant allocator?

MCC-067 RE: Statement E, Adjustment I - Injuries and damages
Witness - Mulkern

- a. Provide an explanation as why this adjustment does not reflect the balance as of December 31, 2012 – and therefore the average balance of 2012 – as was done for other rate base components.
- b. Provide the actual balance of the provision for injuries and damages for each month from January 2011 through the most recent month available.
- c. Provide the estimated balance of the provision for injuries and damages for each month from January 2012 through December 31, 2012.

MCC-068 RE: Statement E, Adjustment I - Injuries and damages
Witness: - Mulkern

- a. Provide an explanation as why the allocation to gas utility is based on “insurance expense” and the allocation to Montana is based on “net plant.”
- b. Provide all work papers, analyses, memos and other documentation that support both of these allocations.
- c. The Company’s last gas base rate case in Montana used a gross plant allocation factor to allocate a portion of the gas utility to Montana. Why did the Company change to a net plant allocator in this case?

MCC-069 RE: Statement E, Adjustment N - Customer advances for construction
Witness: - Mulkern

Provide a schedule that shows the actual balance of customer advances for construction for each month from July 2012 through the most recent month available.

MCC-070 RE: Statement B
Witness - Mulkern

The income statement shows Revenues from Merchandising, Jobbing and Contract Work and the Costs and Expenses associated with these activities that net to \$1,389,701.

- a. Provide a detailed description of all such services provided.
- b. Provide all supporting documentation and detail that shows the revenues and

expenses associated with these services are booked “below the line” and are not included in the revenue requirement in this case.

- c. Provide a schedule that shows the revenues and expenses, by type of service, for the gas utility, and as allocated/assigned to Montana gas operations, on an actual basis for 2011 and for 2012 to date.

MCC-071 RE: Statement B
Witness - Mulkern

The income statement shows Gain on the Disposition of Property in the amount of \$228,379 and a Loss on the Disposition of Property in the amount of \$(4,772). Provide all work papers, analyses, memos and other documentation related to the gain and loss shown.

MCC-072 RE: All statements
Witness - As required

Provide a CD with each of statements in computer readable format - presumably in Excel, with all formulae intact.

MCC-073 RE: Conservation by Customers
Witness: David L. Goodin

In reference to your testimony at page 7, lines 3-6: Is the 94 dk amount weather normalized? If not, please provide the equivalent weather normalized amount for that year.

MCC-074 RE: Last General Natural Gas Case Increase
Witness: David L. Goodin

In reference to your testimony at page 7, lines 14-16: In contrast to the 1 percent increase that was effective in January, 2005, what was the percentage increase that MDU requested in that case?

MCC-075 RE: Landfill Methane
Witness: Robert C. Morman

In reference to your testimony at page 3, lines 6-8: Please explain why methane capture is not required.

MCC-076 RE: Commodity Cost of Natural Gas
Witness: Robert C. Morman

In reference to your testimony at page 3, lines 21-23: Please provide the current corresponding Henry Hub price and forward prices or projections for the next three years, and your analysis showing that methane capture at the Billings Landfill facility remains economic at those current and future prices.

MCC-077 RE: Capturing Methane Gas from Landfills
Witness: Robert C. Morman

Please provide copies of all studies, analyses, including cost-benefit analyses, that MDU or Wenck Engineering had prepared during the period 2008-2009 in relation to capturing methane gas from landfills, as stated in your testimony at page 4, lines 14-17. Also please provide a copy of the most recent cost-benefit analysis of the Billings Landfill project that MDU has prepared.

MCC-078 RE: Capturing Methane Gas from Landfills
Witness: Robert C. Morman

In your testimony at page 6, lines 22-23, you state that the Billings landfill currently produces approximately 130,000 dk annually. Please provide a table indicating monthly production and unit cost of gas produced from the facility. Also, please provide cost of production estimates for the next three years.

MCC-079 RE: Debt to Equity Ratio
Witness: Garret Senger

In your testimony at page 5, lines 20-22: Please state the target date for achieving the targeted year end 50/50 debt to equity ratio.

MCC-080 RE: Targeted Capital Structure at December 31, 2012
Witness: Garret Senger

In regard to your testimony at page 6, lines 14-18: Please provide a work paper showing that the anticipated \$25 million common equity addition will achieve the targeted 50/50 year end capital structure at December 31, 2012.

MCC-081 RE: Common Equity
Witness: Garret Senger

Referencing your testimony at page 6, lines 5-7, and lines 14-18: Are the \$29 million and \$25 million amounts public offerings? If so, please provide the prospectuses. If not please explain how these amounts are obtained, and also provide prospectuses for MDU Resources' last two public equity offerings. Also provide any estimated dates and amounts for any planned or anticipated public stock offerings.

MCC-082 RE: MDU Resources
Witness: Stephen Gaske

Please provide a copy of MDU Resources Group, Inc., 2011 SEC Form 10-K, as referenced on footnotes 1-6 of your testimony.

MCC-083 RE: MDU Resources
Witness: Stephen Gaske

In reference to your testimony at page 5, lines 4-5: What percentage of MDU Resources' 2011 annual revenue and year end assets was accounted for by the aggregates and construction materials business?

MCC-084 RE: MDU's Montana Customer Growth
Witness: Stephen Gaske

In reference to your testimony at page 6, lines 11-13: Please provide a comparison of MDU's Montana customer base growth and customer growth for your selected proxy group of natural gas distribution companies during the past three years.

MCC-085 RE: Interest Rates and the Economy
Witness: Stephen Gaske

Please provide copies of the Blue Chip Economic Indicators, Volume 37, No. 3, March 2012, and the Blue Chip Financial Forecasts, Vol. 31, No. 6, June 1, 2012, at 14, as referenced in your testimony at footnote 7, page 11 and footnote 10, page 12, respectively.

MCC-086 RE: Flotation Costs
Witness: Stephen Gaske

In reference to your testimony at page 15, lines 4-9: Please provide work papers showing the actual flotation costs for each MDU stock issuance during the past 5 years.

MCC-087 RE: MDU's Operating Income and Total Assets
Witness: Stephen Gaske

In reference to your testimony at page 17, lines 13-17: Please provide work papers showing MDU Resources' percentage of operating income and total assets for the regulated natural gas distribution business in each of the past two years.

MCC-088 RE: Risk Premium Approach
Witness: Stephen Gaske

In reference to your testimony at page 25, lines 14-16: Please provide the annual return on large company common stocks and the return on long-term corporate bonds for each year from 1926-2011.

MCC-089 RE: Risk Premium Approach
Witness: Stephen Gaske

Please provide a copy of the 2012 Ibbotson Valuation Yearbook, page 23 and 2012 Ibbotson Valuation Yearbook, pages 23, 88 and 202, as referenced in your testimony at footnote 11, page 25 and footnote 12, page 26 respectively.

MCC-090 RE: Regulatory Risk
Witness: Stephen Gaske

Please provide a copy of the document Regulatory Research Associates, Montana State Commission Profile, accessed June 22, 2012, as referenced in your testimony at footnote 15, page 31.

MCC-091 RE: Exhibit No.__(JSG-2)
Witness: Stephen Gaske

Please provide all schedules of your Exhibit No.__(JSG-2) in working electronic format with all formulas and links intact, including all additional supporting worksheets that are linked to the exhibits.

MCC-092 RE: Exhibit No.__(JSG-2)
Witness: Stephen Gaske

Please provide hard copies of all supporting documents used in the preparation of the Schedules of Exhibit No.__(JSG-2) as referenced in the footnotes (e.g., data source documents, work papers, etc).

MCC-093 RE: Exhibit No.__(JSG-2), Schedule 1
Witness: Stephen Gaske

Please update the table shown on page 4 of 4, Schedule 1, Exhibit No.__(JSG-2) for 2012.

MCC-094 RE: Exhibit No.__(JSG-2), Schedule 2, Page 1 of 9
Witness: Stephen Gaske

Please explain why it would be inappropriate to include WGL Holdings in the comparable gas distribution utility group.

MCC-095 RE: Distribution Operations
Witness: Jay Skabo

In reference to your testimony at page 1, lines 10-12: Please explain in detail how the company's large and small interruptible customer loads, which account for approximately one-third of total Montana gas deliveries, are considered in designing the distribution system and other facilities and in acquiring supply resources.

MCC-096 RE: Customer Growth
Witness: Jay Skabo

In reference to your testimony at page 7, lines 11-14: Please specify the increase in customers that has occurred in 2012 and provide estimates of customer growth for the next three years.

MCC-097 RE: Statement F – Rule 38.5.147, page 3
Witness: Jay Skabo

Please provide an electronic copy of page 3 of Statement F- Rule 38.5.147, with all formulas and links intact, including all work papers and associated worksheets.

MCC-098 RE: Small and Large Interruptible Customers
Witness: Tamie A. Aberle

Please specify the dates and hours during which small interruptible customers and large interruptible customers have been interrupted during the past three years.

MCC-099 RE: Marginal Cost of Service Study
Witness: Tamie A. Aberle

Please provide Exhibit No.__(TAA-3) in working electronic MS Excel format with all formulas and links intact, including all additional supporting worksheets that are linked to the exhibits.

MCC-100 RE: Exhibit No. __ (TAA-1)
Witness: Tamie A. Aberle

Please provide Exhibit No.__(TAA-1) in working electronic MS Excel format with all formulas and links intact, including all additional supporting worksheets that are linked to the exhibits, for the following:

- a. The exhibit, as filed.
- b. With pro forma gas costs excluded from revenues.

MCC-101 RE: Exhibit No. __ (TAA-2)
Witness: Tamie A. Aberle

Please provide Exhibit No.__(TAA-2) in working electronic MS Excel format with all formulas and links intact, including all additional supporting worksheets that are linked to the exhibits, for the following:

- a. The exhibit, as filed.
- b. With pro forma gas costs excluded from rates.

MCC-102 RE: Global Insight
Witness: Tamie A. Aberle

Please provide a copy of Global Insight documents used as sources for the Adjustment Indexes as referenced in footnotes of pages 13, 22 and 23 of Exhibit No.__(TAA-3).

MCC-103 RE: Statement L
Witness: Tamie A. Aberle

Please provide a working electronic copy in MS Excel of all Schedules of Statement L, Embedded Class Cost of Service Study, with all formulas and links intact, including all supporting spreadsheets and work papers.

MCC-104 RE: Statement L
Witness: Tamie A. Aberle

Are all of the gas quantity figures shown in Statement L, Schedule L-3, in Dk? If not, please identify those that are not and state the applicable average heat content in MMBtu per Mcf.

MCC-105 RE: Statement L
Witness: Tamie A. Aberle

Please state MDU's Total Montana peak day gas sendout, in Mcf and Dkt, and the month and date of such sendout, in each calendar year during 2002 through 2011.

MCC-106 RE: Statement L
Witness: Tamie A. Aberle

For Total Montana and for each class shown at Statement L, Schedule L-3, please provide the actual peak day sendout quantities in each year for calendar years 2009, 2010, and 2011, for the following class allocators:

- a. 1-Day Peak
- b. Peak Day @ Distribution

MCC-107 RE: Statement L
Witness: Tamie A. Aberle

For Total Montana and for each class shown at Statement L, Schedule L-3, please explain the differences shown there between the following class allocators:

- a. 1-Day Peak
- b. Peak Day @ Distribution

MCC-108 RE: Statement L
Witness: Tamie A. Aberle

For Total Montana and for each class shown at Statement L, Schedule L-3, please provide the actual annual Dk sendout quantities in each year for calendar years 2009, 2010, and 2011, for the following class allocators:

- a. Dk Throughput
- b. Dk Sales

MCC-109 RE: Allocation Factor Report
Witness: Tamie A. Aberle

Please provide all data sources, work papers and supporting studies or documents used in developing each of the allocators listed on Schedule L-3 of Statement L of the Embedded Class Cost of Service Study.

MCC-110 RE: Allocation of Distribution Mains
Witness: Tamie A. Aberle

In your testimony at page 6, lines 15-22, you state that in this case, investment in distribution mains has been assigned solely as a demand component. Have you considered allocating distribution mains costs on the basis of a combination of demand and energy? Please fully explain your response.

MCC-111 RE: Total Weighted Customers Allocator
Witness: Tamie A. Aberle

In your testimony at page 7, lines 3-8, you state that Factor 10 is calculated by using weights that were applied to the number of customers in each rate class. Please provide all analyses, workpapers

and calculations in MS excel form used in the development of each weight and the final Factor 10 allocator for each of the rate classes.

MCC-112 RE: Production-Related Marginal Costs
Witness: Tamie A. Aberle

Please provide copies of the source documents for the investment adjustment to 1/1/2014 (Handy Whitman S.N.G Equip) and for the O&M Adj to 1/1/2014, as shown on page 5 of 28 of Exhibit No.__(TAA-3).

MCC-113 RE: Distribution Plant Additions
Witness: Tamie A. Aberle

Please provide all documents, work papers and analysis supporting the nine projects listed on page 7 of 28 of Exhibit No.__(TAA-3). Please also include the calculation and supporting documents of the adjustment used to restate Investment in Gas Distribution System as indicated in the footnote.

MCC-114 RE: Marginal Customer Related Distribution Investment
Witness: Tamie A. Aberle

Please provide a copy of the source documents for derivation of the Marginal Customer Costs of Main, Service Line, and Meter & Regulator for each customer class as shown on page 13 of 28 of Exhibit No.__(TAA-3).

MCC-115 RE: Carrying Charge Calculation
Witness: Tamie A. Aberle

Please provide all documents, work papers and calculations for the “Sum of P.W. Values” for Mains, Services and Meters/Regulators as shown on page 16 of 28 of Exhibit No.__(TAA-3). Please also provide copies of the “Levelized Fixed Charge worksheets” as indicated in footnote 2 of the same page.

MCC-116 RE: Customer –Related Customer Account Expense
Witness: Tamie A. Aberle

Please provide the adjustment factors and supporting documents used in the calculation of the annual adjusted values to 1/1/14 for each of the customer accounts expense as shown on page 28 of 28 of Exhibit No.__(TAA-3).

MCC-117 RE: Exhibit No.__(TAA-4)
Witness: Tamie A. Aberle

Please provide a copy of the March 2012 American Gas Association (AGA) survey and any other document used in developing Exhibit No.__(TAA-4), including the name(s) of all utilities included among the states with non-volumetric rate designs (33 approved and 2 pending).

MCC-118 RE: Proposed DDSM
Witness: Tamie A. Aberle

In your testimony at page 28, lines 4-6, you state “With the implementation of the proposed DDSM, customers will pay each year approximately the same amount for gas delivery service as if they had experienced normal weather.” Please provide all analyses, calculations and documents you used in reaching and supporting this conclusion.

MCC-119 RE: Exhibit No.__(TAA-6)
Witness: Tamie A. Aberle

Please explain in detail how the “Daily Base Use” value of 0.04849 shown on the DDSM Bill Comparison (Exhibit No.__(TAA-6)) is calculated. Please also provide all work papers and supporting documents.

MCC-120 RE: Service Interruptions
Witness: Tamie A. Aberle

Please state the date(s), the number of customers affected, and the quantities interrupted, in Mcf and Dkt, for each capacity-related service interruption on MDU’s Montana system during the period 2002 through 2011.

MCC-121 RE: Residential Gas Usage
Witness: Tamie A. Aberle

For the Residential customer class, please provide a listing showing the total number of customers having annual gas usage in 2011 within each of the following annual quantity intervals:

- a. 50 Dkt or less.
- b. 51 Dkt to 70 Dkt.

- c. 71 Dkt to 90 Dkt.
- d. 91 Dkt to 110 Dkt.
- e. 111 Dkt to 130 Dkt.
- f. 131 Dkt to 150 Dkt.
- g. 151 Dkt or greater.